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REMARKS

In the non-final Office Action, the Examiner notes that claims 42, 43, 46-54, 57, 60-64, 74 and 77-79 are pending and rejected. By this response, all claims continue unamended.

In view of the following discussion, Applicant submits that none of the claims now pending in the application are non-enabling or obvious under the respective provisions of 35 U.S.C. §112 and 103.

It is to be understood that Applicant does not acquiesce to the Examiner's characterizations of the art of record nor to Applicant's subject matter recited in the pending claims. Further, Applicant is not acquiescing to the Examiner's statements as to the applicability of the art of record to the pending claims by filing the instant responsive amendments.

REJECTIONS

35 U.S.C. §112

Claims 42-43, 46-54, 57, 60-64, 74 and 79

The Examiner has rejected claims 42-43, 46-54, 57, 60-64, 74 and 79 under 35 U.S.C. §112, ¶1, as containing subject matter which was not described in the specification in such a ways as to reasonably convey to one skilled in the relevant art that the inventor(s) at the time the invention was filed had possession of the claimed invention. Applicant respectfully traverses the rejection.

The Examiner asserts that the specification of the present invention fail to disclose "components are located on an upgrade card insertable into an existing set top terminal to provide digital picture-on-picture capability" and "wherein the second signal processing components are located on an expansion card inserted into the apparatus." The Applicants respectfully disagree. Examiner incorrectly interprets the specification as only disclosing that set top terminal has the capability of having an upgrade card but fails to describe the actual contents or components of the upgrade card. According to MPEP 2163.07(a), inherent function, theory, or advantage is inherently disclosed in the specification.

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By disclosing in a patent application a device that inherently performs a function or has a property, operates according to a theory or has an advantage, a patent application necessarily discloses that function, theory or advantage, even though it says nothing explicit concerning it. The application may later be amended to recite the function, theory or advantage without introducing prohibited new matter. *In re Reynolds*, 443 F.2d 384, 170 USPQ 94 (CCPA 1971); *In re Smythe*, 480 F. 2d 1376, 178 USPQ 279 (CCPA 1973). "To establish inherency, the extrinsic evidence 'must make clear that the missing descriptive matter is necessarily present in the thing described in the reference, and that it would be so recognized by persons of ordinary skill. Inherency, however, may not be established by probabilities or possibilities. The mere fact that a certain thing may result from a given set of circumstances is not sufficient.'" *In re Robertson*, 169 F.3d 743, 745, 49 USPQ2d 1949, 1950-51 (Fed. Cir. 1999) (citations omitted).

The present invention is based on the advantages of having hardware upgrade in the form of insertable card wherein the usable life of the set-top terminal is extended by increasing its flexibility of use. The present invention emphasizes the advanced functions where the hardware upgrade is located on an insertable card. According to the specification on page 44, lines 22-25, performing the functions of any upgrade hardware on an upgrade card is disclosed. All hardware upgrades disclosed in the specification of the present invention are inherently disclosed as being able to be located on an upgrade card. The specification also discloses the advanced picture-on-picture function could be located on the "upgraded hardware components that allow for two or more channels to be tuned and decompressed at any given time." See specification page 49, lines 11-15. Thus, the advanced picture-on-picture function on an upgrade card is inherently disclosed. In other words, the specification shows that any upgrade hardware can be located on an insertable upgrade card. The picture-on-picture upgrade is a hardware upgrade. Thus, the specification inherently discloses that figure 14 with all the components could be on an insertable upgrade card.

In addition, the original claim 55 and 56, now canceled, disclosed that the apparatus with all the components of figure 14 could be part of an upgrade card. Because both the original specification and the original claims disclose second signal processing components located on an insertable upgrade card, the inventors at the time the invention was filed had possession of the claimed invention.

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As such, Applicant submits that claims 42-43, 46-54, 57, 60-64, 74 and 79 satisfy the requirements of 35 U.S.C. §112 and are patentable thereunder. Therefore, Applicant respectfully requests that the Examiner's rejection be withdrawn.

35 U.S.C. §103

Claims 77-78

The Examiner has rejected claims 77-78 under 35 U.S.C. §103(a) as being unpatentable over Arai (of record) in view of Wasilewski (of record) and further in view of Ryu (of record). Applicant respectfully traverses the rejection.

The test under 35 U.S.C. §103 is not whether an improvement or a use set forth in a patent would have been obvious or non-obvious; rather the test is whether the claimed invention, considered as a whole, would have been obvious. Jones v. Hardy, 110 USPQ 1021, 1024 (Fed. Cir. 1984) (emphasis added). Thus, it is impermissible to focus either on the "gist" or "core" of the invention, Bausch & Lomb, Inc. v. Barnes-Hind/Hydrocurve, Inc., 230 USPQ 416, 420 (Fed. Cir. 1986) (emphasis added). Moreover, the invention as a whole is not restricted to the specific subject matter claimed, but also embraces its properties and the problem it solves. In re Wright, 6 USPQ 2d 1959, 1961 (Fed. Cir. 1988) (emphasis added). The combination of Arai, Wasilewski and Ryu fails to teach or suggest Applicant's invention as a whole.

Arai discloses a television apparatus with picture-in-picture capabilities. As pointed out by the Examiner, Arai failed to disclose many aspects of the present invention including the use of an upgrade card inserted into an existing set-top terminal. Wasilewski discloses multiplexing a plurality of television signals for transmission to a plurality of locations. Again, as pointed out by the Examiner, this reference fails to point out the usage of an upgrade card inserted into an existing set-top terminal. Ryu discloses selection of sound mode depending on the selected channel. This reference also fails to disclose, teach or suggest the usage of an upgrade card inserted into an existing set-top terminal.

Even if the three references could somehow be operably combined, the combination would merely disclose a television apparatus with picture-in-picture capabilities for receiving digital television programming and having the ability to selectively output audio signals. Nowhere in the combined references is there any

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teaching or suggestion of the usage of an upgrade card inserted into an existing set-top terminal. Therefore, the combined references fail to teach or suggest Applicant's invention as a whole.

According to MPEP 2143.03, "to establish *prima facie* obviousness of a claimed invention, all the claim limitations must be taught or suggested by the prior art. *In re Royka*, 490 F.2d 981, 180 USPQ 580 (CCPA 1974). Because the limitation of "the second signal processing components are located on an expansion card inserted into the apparatus" is not taught or suggested in any of the prior art, Applicant submits that independent claims 77 and 78 are not obvious and fully satisfy the requirements of 35 U.S.C. § 103 and are patentable thereunder. Therefore, Applicant respectfully requests that the rejection be withdrawn.

Examiner also stated in his rejection that "it would have been an obvious design choice to utilize an upgrade card, since the modification would have involved a mere separation of functions/parts." This rejection is confusing because "a separation of parts" is not a reason for "an obvious design choice" rejection. These two kinds of obviousness rejections are distinct and unrelated. Applicants will respond to them separately.

If the upgrade card were mere ornamental design, then it would not be patentable in a utility patent. However, the upgrade card is not for ornamental design. It serves an important function on existing set-top terminals. It prolongs the usable life of the set-top terminal as well as gives it flexibility of use (see specification page 43, lines 23-25). None of any mentioned advantages are even taught or suggested in the prior art. There is no motivation in any of the references to modify the prior art to include the claimed upgrade card. MPEP 2144.04, see *In re Dembiczak*, 175 F.3d 994, 50 USPQ2d 1614 (Fed. Cir. 1999) (The claims of a utility application, drawn to a generally round, orange plastic trash bag with a jack-o-lantern face, were rejected under 35 U.S.C. 103. However, the court reversed the rejection for lack of motivation to combine conventional trash bags with a reference showing a jack-o-lantern face on an orange paper bag stuffed with newspapers.); *Ex parte Hilton*, 148 USPQ 356 (Bd. App. 1965) (Claims were directed to fried potato chips with a specified moisture and fat content, whereas the prior art was directed to french fries having a higher moisture content. While recognizing that in some cases the particular shape of a product is of no

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patentable significance, the Board held in this case the shape (chips) is important because it results in a product which is distinct from the reference product (french fries)). Because the picture-in-picture on an upgrade card is not a design choice, it would not have been obvious to include the components for picture-in-picture on an upgrade card as claimed.

In addition, Examiner incorrectly characterized the upgrade card as a mere separation of functions/parts. Applicants did not merely rearrange the parts. The Applicants have invented a new mode of operation, by means of which a new result is obtained. See *Winans v. Denmead*, 56 U.S. 330, 341 (1853). The insertable upgrade cards allows for many new advantages which did not exist and were not taught or suggested in the prior art references. These insertable cards prolong the usable life of the set-top terminal as well as give them flexibility of use (see, specification page 43, lines 23-25). Because these upgrade cards are part of a new mode of operation with many new advantages that were not disclosed, taught or suggested by the references, it is not obvious modification. Moreover, there is no motivation to modify the prior art to include this new mode of operation. Because picture-in-picture on an upgrade card is not a mere separation of functions/parts, it would not have been obvious to include the components for picture-in-picture on an upgrade card as claimed.

Thus, Examiner incorrectly determined that the upgrade card is a mere design choice and the modification of the location of parts would have been obvious to an ordinary person skilled in the art. For at least the above reasons, Applicant submits that independent claims 77 and 78 are not obvious and fully satisfy the requirements of 35 U.S.C. § 103 and are patentable thereunder. Therefore, Applicant respectfully requests that the rejection be withdrawn.

SECONDARY REFERENCES

The secondary references made of record are noted. However, it is believed that the secondary references are no more pertinent to Applicant's disclosure than the primary references cited in the Office Action. Therefore, Applicant believes that a detailed discussion of the secondary references is not necessary for a full and complete response to this office action.

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CONCLUSION

Thus, Applicant submits that claims 42, 43, 46-54, 57, 60-64, 74 and 77-79 are in condition for allowance. Accordingly, both reconsideration of this application and its swift passage to issue are earnestly solicited.

If, however, the Examiner believes that there are any unresolved issues requiring adverse final action in any of the claims now pending in the application, it is requested that the Examiner telephone Eamon J. Wall at (732) 530-9404 so that appropriate arrangements can be made for resolving such issues as expeditiously as possible.

Respectfully submitted,

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